

The CURE

Contract User's Resource for Excellence

The "CURE" is a quarterly newsletter of the State Controller's Office

Volume 5, Issue 3

July 1999

News From The SCO

A State Controller's Office Update

By John Ivy, SCO

⇒ CURE Publication Dates and CCIT Meetings

It has become apparent that publishing the CURE and scheduling CCIT meetings on the calendar year/state fiscal year quarter is difficult. This is particularly true for the months of January and July. January presents a problem in getting articles completed and meeting publishing dates because of holiday festivities. July presents the same problems because of fiscal year open/close. Moving the publication and meeting dates ahead one month would solve the problem. Your comments, please.

⇒ New Location for CCIT Meetings

The July CCIT meeting will be held on Wednesday, July 21st from 9:00 a.m. to noon. The meeting place has been changed to accommodate the large number of CCIT members who have been attending the quarterly meetings. The July meeting will be held in Room M128 of the main building at Arapahoe Community College (ACC), located at 5900 South Sante Fe Drive in Littleton. ACC is just south of Littleton Boulevard, which turns into Bowles Avenue as it crosses South Sante Fe Drive and on the East side of Sante Fe Drive. Parking is free. There is a coffee shop adjacent to the conference room and the room is sufficient in size to permit CCIT to continue to grow. We are looking forward to a big turnout at the new ACC location.

⇒ The Proposed New SCO Waiver Policy

Comments have been received and incorporated into the final draft, where appropriate, of the proposed new SCO policy, Waiver of Legal Review of State Contracts. Implementation of this new policy is awaiting a delegation from the GSS Executive Director, which

will allow the SCO to utilize additional staff resources to implement the new policy. The implementation is tentatively planned to take place on September 1, 1999. State agencies and institutions will be notified as soon as this proposed new SCO policy has been signed by the state controller. Once executed, this new policy will be distributed to all state agencies and institutions.

⇒ Contract Training

Contract Management Training and the Contracts II course continues to be in demand. Remember that these courses can be tailored to meet agency needs. Please call Brad Mallon at 303-866-4265 for additional information or to schedule training.

Central Approvers Names and Numbers

NAME	PHONE #	FAX #
Privatization Program: Yvonne Anderson	303-866-2862	303-866-3569
Real Estate Services: Mike Beery	303-866-4564	303-866-4367
Contract Approval (SCO): Phil Holtmann Chris Trujillo	303-866-3809 303-866-3820	303-866-3569 303-866-3569
State Buildings Programs: Carol Lieber	303-866-3158	303-894-7478
State Purchasing: Kay Kishline Jane Lopez	303-866-6181 303-866-6146	303-894-7444 303-894-7478
Attorney General's Office: David Kaye James Martin	303-866-5142 303-866-5227	303-866-5671 303-866-5671

NOTE: You may e-mail any of the above by using the following format: **firstname.lastname@state.co.us**

From the New State Purchasing Director

By Richard Pennington, DOPSB

Effective July 1, 1999 I became the State Purchasing Director. I'm honored by getting the opportunity to serve in this new capacity and excited about the prospects of working with the CATF/CCIT. I'm also humbled by the scope of the challenges ahead as the Governor launches the New Century Colorado that has squarely focused the ray of attention on the State procurement system.

The new emphasis on performance-based budgeting (aka "zero based budgeting") is an additional challenge to the Division (and everyone else), but it is an opportunity to get our arms around the direction of the State procurement system and the vision for its future. I see a key part of that strategic vision the continued collaboration between groups like CCIT and the Purchasing Advisory Council (PAC).

It is apparent to me what I already knew: the Division of Purchasing is loaded with talent. Their strategic plans already portray the future direction of the Division. Allow me to share their mission statement: "Manage the purchasing processes of State government and provide procurement education, leadership, and support. Oversee and manage the design, construction, and maintenance of all state-owned buildings and physical facilities."

Kay Kishline leads the procurement program section, notably the BIDS and external training programs. Most of you already know that Kay manages the protest/appeal function in the Division. Her long-term objectives for the program also include: effective utilization/improvement of the BIDS systems to achieve its maximum potential; improvements to procurement education available to agencies, institutions and vendors; and development of a procurement data collection and reporting systems to make useful data available to the State procurement community. Long-term, Kay plans to revisit the procurement rules to see where improvements can be made. Of course, the PAC and its committees are key players in these improvement initiatives. I have been particularly impressed with the initiative displayed by the PAC in molding the State's procurement system.

Jane Lopez's purchasing section does the procurements for Type I and non-delegated agencies, including procurements for GSS divisions such as CITS

and the procurement card program. One of the challenges to the Division is getting the training necessary to effectively procure goods and services that get increasingly complex. Jane manages the State price agreement program, probably the single largest opportunity for achieving better prices statewide for goods and services. As one of the primary "consumers" of State procurement policies, Jane will be a key part of the long-term procurement policy review by the Division. Jane's section also spearheads the audit function; Jane and I both see our getting out to delegated agencies as an important priority. Jane, like Kay, is heavily targeting procurement training as a key improvement objective.

Larry Friedberg's State Buildings Program (SBP) has an equally ambitious agenda. He hopes to complete a physical condition survey of all Buildings by late 2000. Larry also wants to complete development of a statewide code compliance/building inspection system by the end of the next fiscal year. Larry is zeroing in on completion of a SBP policies and procedure manual, the first elements of which were published in the *Colorado Contract Management and Procedures Manual*. Larry is also looking for ways to improve the highly successful as-needed program for architect/engineer/consultant services that he started last year. Finally, Larry has some long-needed help with the energy program necessary to implement statutory requirements related to energy efficiencies in State buildings.

My personal challenge is to find a way to contribute to the visionary thinking that is already going on in the Division. I look forward to working with the PAC as our main partner in continuously improving the procurement system, as well as cultivating the relationships with the CCIT and the State Controller's Office. I hope to keep David Kaye and his unit involved; the AGO has been a major reason we have achieved the success we have. We all share common interests achieving the ultimate goal: obtaining fair and reasonable costs for services and supplies through full and open competition, where possible.

This new role for me is humbling, but I'm encouraged by the quality of people on the State "team." I look forward to working with you in my new capacity.

Delegation of State Controller Authority

By Art Barnhart, SCO

In an effort to provide better customer service and faster contract turnaround time in the SCO, I have delegated my authority to approve State Fiscal Rule waivers and execute contracts issued in violation of state statutes to John Ivy. Fiscal Rule waiver requests involve issues such as making an advance payment on a contract or using a purchase order for a procurement in excess of \$25,000. Contracts issued in violation of state statutes are those contracts where commodities have been received or services performed prior to the execution of the contract.

John manages the Central Accounting Operations Section (CAOS) in the SCO. One of the major units within CAOS is the State Contracting Unit. Since John supervises that unit, it only makes sense that he has not only the responsibility, but also my authority to address these two critical contract issues.

Remember that a State Fiscal Rule waiver request must come from the agency/institution's chief fiscal officer, through the chief executive officer to the state controller. If you are requesting execution of a state contract that violates state statutes, please refer to the State Controller Policy on Managing Contracts that Violate State Statutes in the Contract Processing Guide and be sure to provide all of the required information. It is important that requests for State Fiscal Rule waivers and requests to execute contracts issued in violation of state statutes be complete. Any incomplete request received by the SCO may have to be returned to the state agency or institution for additional information, which only adds to the total contract approval time.

On the World Wide Web at :

www.sco.state.co.us/

CONTRACT PROCEDURES AND MANAGEMENT

MANUAL

[contract/contract.htm](#)

PRIVATIZATION PROGRAM PROCEDURES AND FORMS

[private/private.htm](#)

CURE

[cure/cure.htm](#)

Proposed Improvements to the State Contracting Process

By Phil Holtmann, SCO

The CATF has been discussing recurring problems within the contracting process and has identified improvement projects to address these problems. Please review the projects identified below and provide your comments to Phil Holtmann via e-mail at:

phil.holtmann@state.co.us

- ◆ Some federal grants allow for payment of services provided prior to notification of the availability of federal funds. State agencies and institutions participating in these types of grants authorize work to be performed prior to the availability of federal funds. This results in the state incurring an obligation without a valid commitment document. When this situation occurs, state agencies and institutions are required to provide late justification to the SCO for the contracts they have issued to the providers under these types of grants. The CATF wants to examine this problem and develop a policy that will address it.
- ◆ The State Contract Procedures and Management Manual contains a novation agreement to be used when leased property changes hands. There is a question about how formal the notification to the lessee (state tenants) needs to be. There has already been some preliminary discussions concerning this issue and the CATF hopes to complete the research necessary to develop a policy to address this issue in the near future.
- ◆ The State Procurement Rules anticipate that from time to time there will be emergencies that threaten the health or safety of citizens of Colorado. Currently, there is not a specific policy or procedure for agencies to follow when an emergency arises that threatens health or safety. The Administrative Hardship provision of the State Fiscal Rules allows agencies and institutions to apply for a waiver or an exemption to any of the State Fiscal Rules. However, this request must be submitted by the agency's chief fiscal officer through the chief executive officer to the State Controller for approval. This process may be

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time consuming and may cause a delay in the reaction time to an emergency. The CATF is discussing the need to develop a rule, policy, or procedure, which would allow state agencies and institutions the latitude necessary to react quickly in emergency situations.

- ◆ Confusion exists among state agencies and institutions as to when an individual hired on a contract to provide services is an employee or an independent contractor. David Kaye of the AGO provided a class to CATF members on how to make the determination. CATF is considering having the State Training Academy develop a new contract course on developing contracts for both independent contractors and contract employees.

If you are aware of any other problem areas in state contracting that need to be addressed by the CATF please let either Phil, or another CATF member know. CATF meets monthly and their goal is to improve the state contracting process. Remember that your ideas are important and assist CATF in meeting their goal.

New State Purchase Order Form Available August 1 *By Jane Lopez, DOPSB*

Effective June 1999, the State Controller's office has made revisions to the Terms & Conditions for purchase orders. With the assistance and talent of Steve Slane from the Design Center, he was able to fit all the revised Terms & Conditions behind the purchase order form.

The State Forms and Publication Center has informed the Division of Purchasing that state agencies using COFRS purchase orders will be able to order the new purchase order forms by August 1, 1999.

State Fiscal Rule Waiver Requests *By John Ivy, SCO*

In mid-May Art Barnhart gave me the authority to review and approve State Fiscal Rule Waiver Requests. Since that time numerous waiver requests have been forwarded to me for action by the state controller. After only eight weeks of experience on the job, it was apparent that not all state agencies and institutions were following the same procedure in asking for a State Fiscal Rule Waiver. Waivers were being received from project administrators, purchasing agents, contract officers, and a number of other job titles. After discussing this fact with Art and other members of the SCO staff, the decision was made to enforce the SCO policy, which is contained in the State Fiscal Rules. The following is from the State Fiscal Rules.

* * * * *

ADMINISTRATIVE HARDSHIP

Should any of these Fiscal Rules create undue administrative or financial hardship on a State Agency, a written request for exemption and/or alternative policy may be submitted by the State Agency's chief fiscal officer through the State Agency's chief executive officer to the State Controller.

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The reason that this policy exists is that a waiver of a State Fiscal Rule is a serious matter and should not be a common occurrence. By adhering to the SCO policy, both the chief fiscal officer and the chief executive officer are aware each time a waiver to a State Fiscal Rule is requested. Therefore, changes in internal controls can be made at any level within the agency or corrective action taken, if necessary to reduce the number of State Fiscal Rule waivers requested. In the future the SCO will require that all state agencies and institutions follow the policy noted in the State Fiscal Rules to request a waiver.

Prior Approval Requirements Checklist

By Yvonne Anderson, SCO

This checklist was developed as a guide for all contract administrators, fiscal officers, purchasing agents, as well as other state employees who are responsible for acquiring services, commodities and real estate on behalf of the State. It is important to remember that prior to purchasing any service, the appropriate state agency needs to be contacted to determine if they are able to provide the service for your agency or institution. If they are not able to meet your needs, then your agency or institution will be granted permission to contract out the services. Your agency or institution is then responsible to request a waiver letter and the letter should be placed in your files. It may not be necessary to obtain a waiver letter for commodities and/or real estate. However, at the time that your agency or institution receives approval to procure commodities and real estate, you will be instructed on other requirements if necessary. Note: Some procurements may require multiple prior approvals.

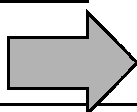
FOR	REGION	WHAT	APPROVAL REQUIRED FROM
Services	Statewide	All Personal Services require Privatization Review	GSS/State Controller's Office Contact Yvonne Anderson at 303-866-2862
Services	Statewide	Collection Services	GSS/Division of Central Services Contact Victoria Trujillo at 303-894-2635
Services	Statewide	Communication Services	GSS/Division of Colorado Information Technology Contact John Konen at 303-866-2341
Services	Statewide	Data Entry Services	GSS/Division of Colorado Information Technology Contact Cindy Nardini at 719-545-5294
Services	Denver Metro	Graphic Design Services	GSS/Division of Central Services Contact J.J. Jackson at 303-866-3882
Services	Denver Metro	Imaging, Microfilm, and Microfiche Services	GSS/Division of Central Services Contact Irene Gutierrez at 303-286-8521
Services	Denver Metro	Mail Services	GSS/Division of Central Services Contact Helen Nopens at 303-866-3886
Services	Statewide	Training Services	GSS/State Training Academy Contact Brad Mallon at 303-866-4265
Services	Denver Metro	Printing & Photocopying Services	GSS/Division of Central Services Contact J.J. Jackson at 303-866-3882
Services	Statewide	Legal Services	Department of Law Contact Barbara McDonnell at 303-866-4500
Services	Statewide	Moving Services, Flags & Signs	Department of Corrections Contact Juniper Valley Products at 303-321-2200
Commodities	Statewide	Communication Equipment	GSS/Division of Colorado Information Technology Contact 303-239-4313
Commodities	Statewide	Computer Systems	Governor's Office, Office of Technology and Innovation at 303-866-2471 or 303-866-3222
Commodities	Statewide	Office Furniture	Department of Corrections Contact Juniper Valley Products at 303-321-2200
Commodities	Denver Metro	Photocopiers	GSS/Division of Central Services Contact 303-866-3970
Commodities	Statewide	Vehicles, both passenger and freight, ¾ ton and under, and 1 ton vans	GSS/Division of Central Services Contact Fleet Management at 303-287-6741
Real Estate	Statewide	Leasing of real estate and real estate purchases and sales	GSS/Division of Real Estate Services Contact Mike Beery at 303-866-4564
Real Estate	Statewide	Rights-of-way and easements	GSS/Division of Real Estate Services Contact Mike Beery at 303-866-4564
Real Estate	Statewide	Capitol Construction & controlled maintenance	GSS/Division of State Buildings Contact Carol Lieber at 303-866-3158

Office of the State Controller
 State Contracting Unit
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 Denver, CO 80203
 Phone: 303-866-3281
 Fax: 303-866-3569



Note: Change in Location

(Please use West entrance)



Key to CCIT Abbreviations

Attorney General's Office	AGO
Central Approvers Task Force	CATF
Colorado Contract Improvement Team	CCIT
Contract User's Resource for Excellence	CURE
Division of Purchasing/State Buildings	DOPSB
General Support Services	GSS
Real Estate Services	RES
State Buildings Programs	SBP
State Controller's Office	SCO

CCIT Meeting

Wednesday July 21, 1999

Arapahoe Community College , Room M128

5900 South Sante Fe Drive

Agenda

9:00-9:10	Arapahoe Community College	Chris Trujillo
9:10-9:25	New Purchasing Director	Richard Pennington
9:25-9:40	Privatization Notes	Yvonne Anderson
9:40-10:00	Break	
10:00-10:15	Changes in the SCO	John Ivy
10:15-11:15	SCO Policy Update	Phil Holtmann
11:15-11:35	Federal Grant Awards	Dan Frelund
11:35-noon	Comments & Questions	John Ivy